



MICHIGAN

To: Honorable Members of the House Labor Committee

From: Charles Owens, State Director

Date: June 16, 2010

RE: Senate Bill 1072 – PA 312 Changes

We are writing to you concerning Senate Bill 1072 that would amend Public Act 312.

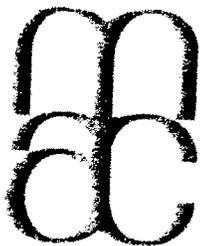
The original intent of this legislation was to make it easier for local units of government to merge public safety services to reduce costs and duplication. NFIB and many other business organizations supported this bill as it was originally introduced in the Senate as a part of our ongoing efforts to restructure state and local governments to cut spending and deliver services in a more efficient manner.

However, we have been made aware that changes to the bill during the Senate committee process have created concerns that the bill would actually make it more difficult for local governments to combine services by expanding the definition of units subject to collective bargaining under PA 312.

For these reasons we ask that you do not support this bill or report it out of committee until these questions and concerns can be addressed.

Thank you for your support of small business.

Cc: All House Members, Senate Reforms and Restructuring Committee, Senator Randy Richardville



**MICHIGAN
ASSOCIATION
OF COUNTIES**

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Timothy K. McGuire, Executive Director

June 16, 2010

Michigan House of Representatives
PO Box 30014
Lansing, MI 48909

Dear Representative:

In House Labor Committee, and potentially on the floor today, the House is scheduled to deliberate on HB 6154 and SB 1072 which would expand the use of binding arbitration in Michigan. You may recall that P.A. 312, as is it is commonly called, guarantees binding arbitration for police and fire department employees. SB 1072 was supposed to help counties, cities and townships by reforming Public Act 312 of 1969. However, it *actually is a step backwards which will add more cost to Michigan's residents*. HB 6154 would add county corrections officers as an additional group being guaranteed binding arbitration under a new act and *would greatly add more cost to Michigan's counties and residents*.

As it stands, the Michigan Association of Counties (MAC) opposes both bills.

HB 6154 guarantees binding arbitration to county (but not state) corrections officers. It is obvious the state does not want to include state corrections officers in this legislation, as it could greatly increase the state's liability for employee benefits. Unfortunately, binding arbitration is being forced on the counties in this bill.

SB 1072 actually opens up the 312 bargaining process to include authorities under the guise of reform, granting the possibility for non-peace officer 911 dispatchers to become eligible. Additionally, the bill has Headlee implications which would remove the state's obligation to pay for arbitration, therefore the costs would be pushed down to counties.

Not only do these bills simply add cost to constituents but they do not include critical reforms, such as adding more weight to a county's ability to pay and reviewing internal comparable salaries and benefits instead of looking at other regions. With these two factors taken together, both pieces of legislation are damaging to the long term fiscal health of counties. Reductions in revenue sharing and increased unfunded mandates only compound this problem.

MAC will be seeking an amendment clarifying the provision in SB 1072 to not expand binding arbitration to new groups. If this amendment is not added, MAC will urge the defeat of this legislation entirely. MAC continues to oppose HB 6154. Counties cannot afford the additional expenses of the mandated process or the unsustainable settlements that binding arbitration brings at this time. MAC asks that you please consider our recommendations and the burden these bills would place on counties as well as your constituents.

If you have any questions regarding this matter, please feel free to contact me.

Sincerely,

Tom Hickson
Director of Legislative Affairs

June 16, 2010

RE: Senate Bill 1072

Members of the House:

The Grand Rapids Area Chamber of Commerce strongly believes state laws and regulations must be modified to facilitate the consolidation and sharing of services among local governments. This includes reforming Public Act 312 to change binding arbitration standards for police and fire.

To that end, the Grand Rapids Area Chamber of Commerce opposes Senate Bill 1072.

This legislation does not cover the full scope of the reform we need and would expand PA 312 eligibility to include "employees of any authority, district, board, or other entity created wholly or partially by the authorization of the governing body under state statute, ordinance, contract, resolution, delegation, or any other mechanism."

Michigan needs bold reform in many areas. This is not the time to increase the reach of PA 312, while neglecting issues in the law such as comparables and ability to pay. We ask for your NO vote if it should come to the House Floor.

Thank you for your consideration of our position on this important issue. Please do not hesitate to contact me at 616.822.1878 if we can be of additional assistance.

Sincerely,

Andy Johnston



Brighton Area Fire Department

615 W. Grand River

Brighton, Michigan 48116

810-229-6640 Fax: 810-229-1619

June 16, 2010

State Representative Bill Rogers
& the House of Representatives
Fax# 517-373-8957

I am writing this letter in opposition to ACT 312 (senate Bill 1072) which is currently up for consideration before this honorable body.

I have been a Firefighter for 34 years and have served as Fire Chief for 20 years, including 11 ½ years with the Brighton Area Fire Authority. Prior to this I served as Chief in the City of Westland.

All of my experience indicates that this is a bad bill and should not be adopted by this honorable body.

I base this on a number of factors. Residents of this state need more fire protection, not less. Having worked both in the metropolitan area and in smaller rural communities, I know the cost of providing those services. Many communities will not enter into a Fire Authority or even provide any service if ACT 312 is going to cover them.

I have also spent a lot of time up north and I recognize how difficult it is for these local communities and counties to provide fire protection. Communities enter into Fire Authority's in order to provide significant fire protection to their communities while being as cost effective as possible. This bill, as written, will greatly increase that cost. If two or three small communities want to enter into a Fire Authority, there may be some apprehension as a result of this bill. They barely have enough money to provide any public safety services as they operate on a bare bones budget. It's still an improvement over nothing and provides some level of protection to the residents of those communities but this bill will discourage that. There will be no cost certainty.

I also base this on my experience in the City of Westland. I would share with you the following. In the early 1990's we in the City were able to increase the number of firefighters and reduce our overtime budget. At that time, we were in arbitration; the arbitrator then reduced the firefighters work hours from 56 hours per week to 50.4 hours per week without taking into consideration the cost of this reduction. This reduction in hours increased our overtime budget back to what it had been.

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In Livingston County, we have four (4) Fire Authorities. If this bill passes, many communities will disband their Fire Authorities because they can't justify putting the cost and burden on their local residents.

In our communities, this will be a disaster for all of us. If one or more members of an Authority decide to leave, the increased cost on our residents, who are already facing tough economic times, will be greatly increased. Why, in these difficult times would we increase the cost of providing fire service to our residents? An expansion of ACT 312, even with reform, is bad policy. Without reform, taking into account the economics of the communities involved, ACT 312 is a recipe for disaster.

Sincerely,



Larry Lane
Fire Chief

Lana Theis
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Brighton, MI 48114
810-222-4881

Representative Bill Rogers
S-1085 House Office Building
P.O. Box 30014
Lansing, MI 48933

Dear Representative Rogers,

I am writing today as both a taxpayer and the Treasurer of Brighton Township, about the legislation currently in the House Labor Committee amending PA 312, SB 1072. While I appreciate and agree that reform is necessary, the reforms must improve the situation. Change for the sake of change does no one any good.

Coleman Young, who had a very long and active public life, described Public Act 312 as the biggest legislative mistake of his career. Some of the proposed changes are good, but there are two glaring problems that absolutely need to be addressed. 1) Expanding already bad legislation to Authorities makes no sense, and will result in fewer police and firefighters at an increased cost. 2) The ability of the municipality to pay needs to be the primary consideration in the arbitration process, regardless of whether or not it is expanded.

My Township works very hard to provide the services we do at the lowest cost to the taxpayers possible. We work diligently to make sure that taxpayer money is only spent if it absolutely needs to be. Our residents have expressed to us how important it is to them, that we manage their money well. PA 312 imposes additional costs, determined by a 3rd party who has no accountability to the taxpayers. It takes the ability to manage our Fire Authority budget away from the Fire Authority Board, most of which are elected officials and thus answer to their residents in a very real way.

To expand 312's reach to Fire Authorities is irrational. The financial impact of such a decision amounts to a tax increase for all of the residents they serve. Page 31 of The Task Force on Local Government Services and Fiscal Stability Final Report to the Governor May 2006 states that binding arbitration results in an increase of up to 5% in the costs of doing business. Increasing the scope of bad legislation, especially when 1) we're losing so much revenue to decreased property values and 2) when the state is no longer sending the revenue sharing funds that were promised when that process was instituted. We have already stretched our dollars as far as they can go.

- Public Act 312 of 1969, the law regulating binding arbitration for contract negotiations in police and fire unions, results in a hidden tax. As costs are increased, the revenues must be obtained through increased taxes or fewer employees (firefighters and policemen), thus affecting the safety of our community.
- PA 312 forces local governments into binding arbitration with police officers and fire fighters, but the community's ability to pay is not the determining factor in reaching a contract settlement. The taxpayers do not have priority in these proceedings.
- If the pay scales or benefits are bargained up without consideration for ability to pay, the only choice on a fixed budget is to reduce the number of police or firefighters, resulting in less coverage for our area or a tax increase.
- The Senate Bill **does not** seek to make the taxpayers interest first. The ability of the local government to pay is not the determining factor in PA 312 Arbitration despite the economy today and despite all of the lost of revenue of local government and all of us as taxpayers. **The Senate Amendment does not have this simple, common sense amendment in it.**
- Additionally, it seeks to **expand** the coverage of PA 312 to Fire Authorities, which would further increase taxpayer costs. Livingston County has four such Fire Authorities, creating a huge resulting impact.
- The way the bill was amended at the Senate, it expands it, not only to authorities, but to **ANY mutual aid agreement for police, fire and EMT's** and even their phone staff (SB 1072, page 1, line 3-6).
- **PA 312 is a hidden tax on all of us.** The Senate must reform PA 312 to take into account the taxpayers interest, not that of the labor unions.